

September 14, 2015

Natural Gas Trends

Highlights

Tennessee unveils new service for power generators

Tennessee Gas Pipeline on Wednesday announced it would hold a non-binding open season on a new, customized, flexible firm service designed to meet the needs of gas-fired power generators in the Northeast and New England. The service, which Tennessee is marketing under the trademarked name PowerServe, will use assets of Tennessee's proposed Northeast Energy Direct Project, including regional storage, line pack and legacy Tennessee facilities across its existing Northeast market footprint, the Kinder Morgan company said in a statement. The open season is set to run through October 29. Tennessee is offering up to 740,000 Dt/d of gas transportation capacity. The amount of capacity and specific assets required to provide the no-notice and non-ratable hourly service components of the service will be determined following the close of the open season based on shipper interest as indicated in submitted service request forms, the company said. "TGP will leverage its uniquely valuable connectivity to low-cost gas supply and interconnecting pipelines and proximity of TGP's system to electric power generation load centers in New England and upstate New York to provide PowerServe service," the company said. Among the planned terms and conditions, it said PowerServe would provide enhanced hourly flow rights and no-notice service to allow gas-fired power generators to flow gas without confirmation of upstream supply. The no-notice component will be available under either a storage service option or an automatic park and loan option, both of which will be supported by regional storage and/or line pack, the company said.

Under its proposed service, power plant operators will be able to contract directly with Tennessee or to obtain temporary capacity from an electric distribution company or other suppliers contracting for the service. Capacity release options will be available to facilitate transfer of service to power plant operators, or firm transportation service to other shippers on the system. Tennessee announced it would entertain varying term lengths with corresponding rates under the new service. During the open season, potential shippers will be able to select, subject to agreement by Tennessee, a combination of primary receipt points along the NED supply path and market path components, including pipeline interconnections at Wright, New York, and at locations connecting storage assets to the supply path and/or market path. Delivery points will be available on the NED facilities, as well as on Tennessee's existing facilities through the Northeast. The NED project includes upgrades to Tennessee's existing system and construction of new infrastructure in Pennsylvania, New York, Massachusetts, New Hampshire and Connecticut. The project has a planned in-service date of November 2018. The supply path of the project originates in the Marcellus Shale dry gas play along Tennessee's existing 300 Line in northeast Pennsylvania and extends to Wright, New York, and is scalable up to 1.2 Bcf/d. The market path of the project originates at Wright, New York, and extends to Dracut, Massachusetts, and points beyond Dracut, utilizing Tennessee's legacy system and is scalable up to 1.3 Bcf/d. The market path of the NED project in Massachusetts and New Hampshire is 91% co-located with existing energy corridors.

Source: Platts Gas Daily

Data

- October 2015 Natural Gas Futures Contract (as of September 11), NYMEX at Henry Hub closed at \$2.693 per million British thermal units (MMBtu)
- October 2015 Light, Sweet Crude Oil Futures Contract WTI (as of September 11), closed at \$44.63 per U.S. oil barrel (Bbl.) or approximately \$7.69 per MMBtu

Last week: Texas warmer than normal last week

For the week beginning 9/6/15 and ending 9/12/15, cooling degree days (CDD) were higher than normal (warmer) on average for the week and for the year to date for most Texas cities shown.

Source: www.cpc.ncep.noaa.gov

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 9/12/15	*Week CDD +/- from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	70	21	1290	4%
Austin	128	14	2310	-6%
DFW	140	38	2476	11%
El Paso	129	45	2452	21%
Houston	118	11	2707	14%
SAT	150	36	2761	10%
Texas**	120	21	2377	6%
U.S.**	70	27	1238	16%

* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which CDDs are calculated. ** State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

Last week: U.S. natural gas storage at 3,261 Bcf

For the week ending 9/12/2015 working gas in storage increased from 3,193 Bcf to 3,261 Bcf. This represents an increase of 68 Bcf from the previous week. Stocks were 473 Bcf higher than last year at this time and 127 Bcf above the 5 year average of 3,134 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 9/4/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,630	1,581	49	-2.2%
West	487	482	5	3.8%
Producing	1,144	1,130	14	14.7%
Lower 48 Total	3,261	3,193	68	4.1%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

Last week: U.S. gas rig count down for the week

The gas rig count for the U.S. was down this week and was down 142 when compared to twelve months ago. The total rig count for the U.S. was down 16 from last week and down 1083 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

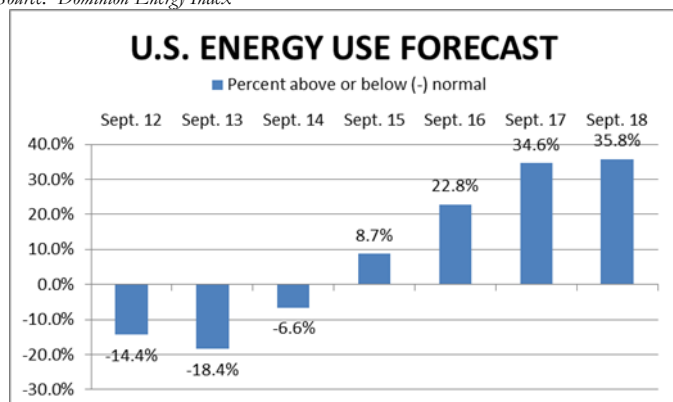
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 9/11/2015	+/- prior week	Year ago	+/- year ago
Texas	366	-9	905	-539
U.S. gas	196	-6	338	-142
U.S. oil	652	-10	1592	-940
U.S. total	848	-16	1931	-1083
Canada	185	-2	405	-220

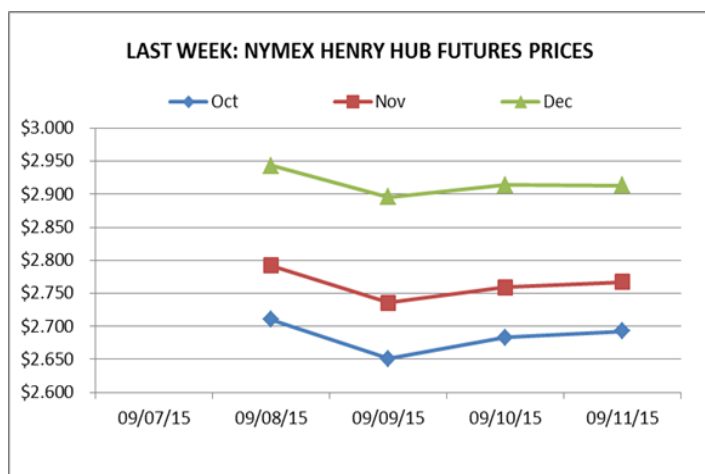
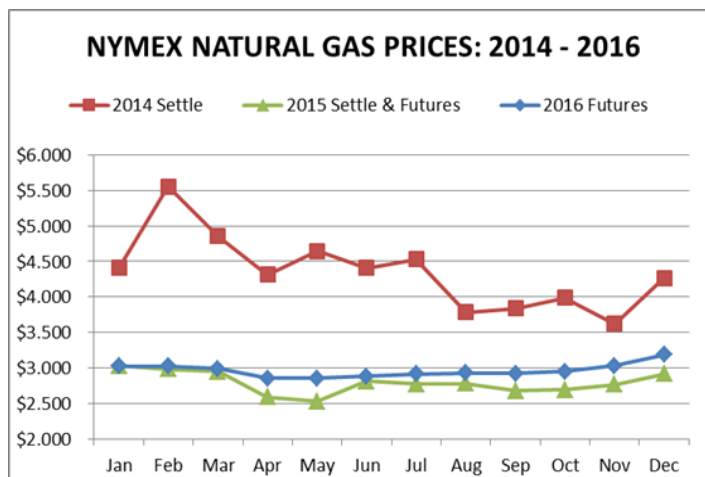
This week: U.S. energy varies this week

U.S. energy use is predicted to vary this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2015 prices. Natural gas prices for 2015, shown below in green, are the NYMEX settlement prices for Jan.- Sept. and futures prices for the remainder of the year.



*Data for September 7, 2015 is unavailable due to the Labor Day holiday.

NATURAL GAS PRICE SUMMARY AS OF 9/11/2015

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US October futures				
NYMEX	\$2.693	\$0.038	-\$2.162	\$2.785